My name is George Riding. I live in Shepherdstown WV. I am a cybersecurity professional with no access to competitive internet access due to the Monopolistic Telecoms. My only choice for internet access is DSL (only available in 1MB Up/Down speed) and Cable from Comcast. There have been no upgrades in service but always an upgrade in price.

Reclassify ISPs under Title II for a fair, open, and competitive internet.

See below for my reasoning reclassification.

Several House Republicans sent their own letter to arguing that restoring Title II “will harm consumers, halt job creation, curtail investment, stifle innovation, and set America down a dangerous path of micromanaging the Internet.” A spokesperson for the biggest cable lobby association warned that a return to Title II “would be devastating to the United States.”

Here’s the problem: These folks have no facts to back up their baseless scare tactics.

So, in the interest of truth, I will use facts to take on these big, scary and dangerous lies.

Fact: Investment and jobs peaked under Title II, and declined after its removal.

Fans of online discrimination don’t seem to understand that we can use data to test this proposition. Would a return to Title II harm ISPs’ businesses, investments and jobs?

We can look at historical data for the Regional Bell Operating Companies (RBOCs, or Bell Companies), the last-mile telecom companies that were subjected to the full panoply of Title II (far more than what would or could be applied to telco’s and cable’s broadband services now). Today these Bell Companies are AT&T, Verizon and CenturyLink, three giant companies reassembled from the more than two dozen that emerged from the breakup of Ma Bell in 1984.

Below is a graphic that captures this analysis. There's a lot there to take in. But before I explain it, I’ll just give you the basic conclusions:

Revenues: Under Title II, Bell Company revenues increased at a combined annual growth rate (CAGR) of 5 percent. After Title II was removed, revenues for these companies saw an average annual growth rate of just 0.4 percent.

Investment: Under Title II, Bell Company capital investments increased by 20 percent (a CAGR of 1.8 percent). But after the FCC removed Title II, capital investment at these companies declined by 5 percent (a CAGR of negative 0.7 percent).

Jobs: Bell Company jobs are down 20 percent since the removal of Title II. Employment at these companies peaked in 2000 following the period when the Bells were subjected to the most comprehensive implementation of Title II.

The figure at the bottom contains three data series displayed on one single chart: Bell Company revenues (adjusted for inflation); Bell Company capital expenditures (adjusted for inflation); and Bell Company employment. Each of these data series are “indexed” to their 1994 values. Indexing is a useful way of comparing the changes in different sets of data over time, particularly when each of the variables is of differing degrees of magnitude or units of measurement, as is the case here.

A Brief History of Title II

The figure below denotes critical moments in the Title II timeline.

The 1996 Telecom Act was signed into law in February that year, and then the FCC set about the long and arduous task of implementing it.

In 1998, the FCC affirmed that DSL was a Title II telecommunications service. In 1999, it affirmed that the Bell Companies had to offer DSL as an "open access" service, meaning that third-party ISPs could serve residential customers by leasing access to these incumbents' networks.

This was an important development that helped DSL gain market share. Up until this point the Bells were slow to offer DSL, fearful that doing so would cannibalize their "second-line" market (remember the days of paying for two home phone lines? One for phone and one for the dial-up modem? Yeah, if you're under 30, maybe not).

The years following the adoption of the 1996 Act saw substantial growth in Bell Company revenues and jobs, but even larger growth in investment. If Title II was bad for investment and jobs, that would show up in the data during this period. It doesn't.

The 2001 recession and the economic impact of the 9/11 attacks took their toll on the U.S. economy, and the telecom sector wasn't spared. But as the economy improved, so too did Bell Company revenues and investments, all under Title II.

Jobs were another story, as it appears the 2001 recession, improvements in technology and an aging union workforce have combined to create what looks like a permanent decline in Bell Company employment.

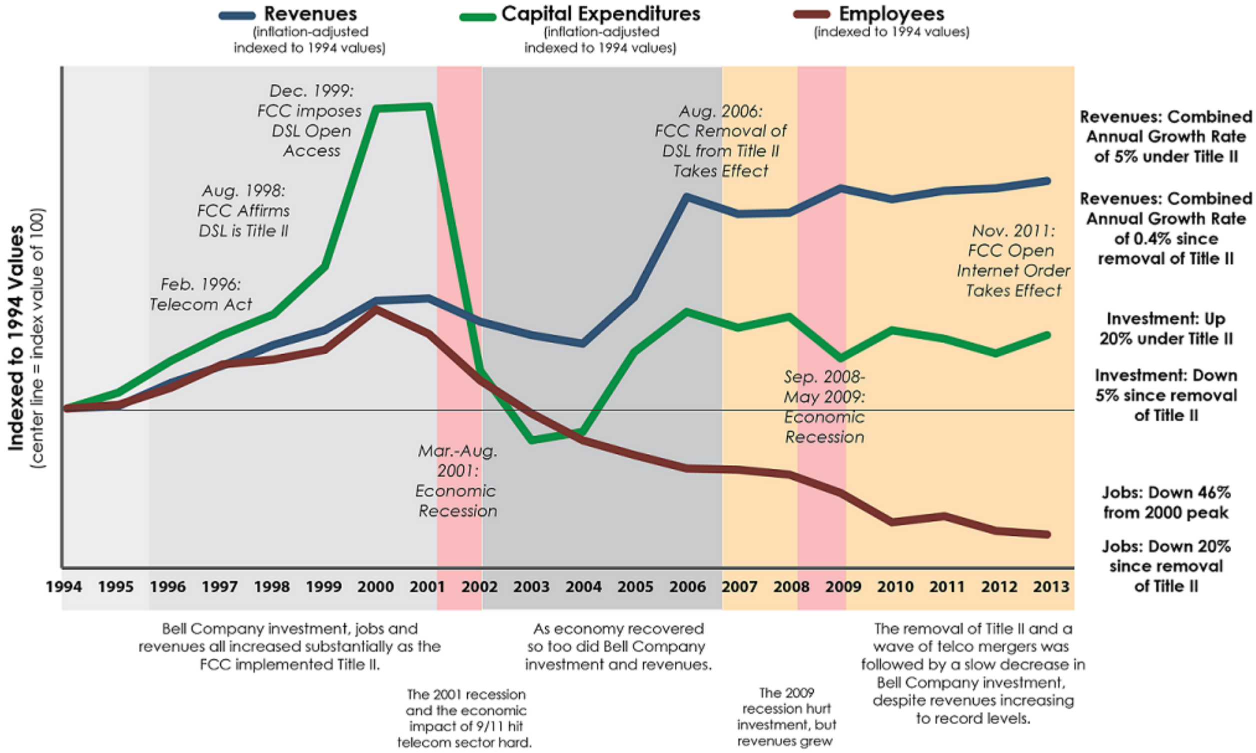
In 2002, the FCC ruled that cable broadband companies could designate their broadband services as "information services," which lie outside of Title II. In 2005, the FCC extended the same privilege to the phone companies, including the Bells, a ruling that did not take effect until August 2006.

Half a year later, the FCC removed wireless-data providers from Title II, completing the process of dismantling Congress' structure for creating a robust and competitive broadband telecom services market.

Following the removal of Title II, we didn't see all the great new investments the Bells promised. Annual Bell Company capital expenditures are down $2 billion in inflation-adjusted terms from their peak in the last year of Title II's application. Bell Company revenues have headed in the other direction: They've increased by $7 billion since the dismantling of Title II, even managing to grow during the worst part of the 2008–2009 recession (a strong indicator that communications are indeed essential services).

The data also show that the implementation of the FCC's 2010 Open Internet Order was followed by an increase in capital investment. This is noteworthy because the same cast of characters warning of the harms of Title II made the same dire predictions about those Open Internet rules — predictions that were flat out wrong.

Bell Company Revenues, Capital Investments and Employment Before and After Title II



Fact: Investment and jobs peaked under Title II, and declined after its removal

Sources: Company SEC Filings. Values includes all ILEC and ILEC-owned wireless operations of AT&T, Verizon, and CenturyLink/Qwest, and all predecessor Regional Bell Operating Companies (RBOCs); but excludes pre-merger data from ATTC, Qwest Inc., and MCI/WorldCom, as those Competitive Local Exchange Carriers (CLECs)/Interexchange Carriers (IXCs) were not subject to the same level of Title II regulations as the Bell Companies (inclusion would increase the pre-2006 values). For Qwest/CenturyLink, pre-2011 values do not include those from its non-RBOC predecessor companies (e.g. Embarq).

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